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TAGS: [ECON](#) [EFIN](#) [PGOV](#) [IZ](#)
SUBJECT: COUNCIL OF REPRESENTATIVES REVIEWS THE 2007 BUDGET

REF: A. BAGHDAD 264

[B](#). BAGHDAD 31

Classified By: Economic Minister-Counselor Daniel Weygandt for reasons
1.4 (b) and (d).

[1](#). (C) Summary: The 2007 Budget and accompanying law is under review by the Council of Representatives (CoR). Discussion was expected to result in a vote during the week of January 21, but last minute differences between the Kurdish and Shi'a parties delayed release of the CoR report on the budget. A vote was begun at the end of a long plenary session on January 25, but could not continue due to lack of quorum. The late arrival of the budget to the CoR means that the committees have been rushed in their discussions, and the review and approval process remains unclear. The CoR is expected to vote on the budget during the week of January 28, and plans to discuss the budget during an unusual Saturday plenary session on January 27. End summary.

Review Process

[2](#). (C) The CoR received the budget on December 24 2006, after the Council of Ministers approved the budget on December 21. The budget was supposed to be sent to the CoR on October 15 (ref B). The Muslim Eid holiday further delayed the official review process, although the chair of the Finance Committee did meet with Ministry of Finance (MoF) officials during this time. Since the reconvening of the full plenary sessions on January 9 2007, the CoR has worked regularly on the review of the budget. The Minister of Finance presented the budget to the CoR twice, and senior members of the MoF have been available at several sessions. The Deputy Prime Minister for Economic Affairs, Barham Salih, the Minister of Planning, and the Governor of the Central Bank attended a CoR session to jointly present and support the budget. The Economic and Finance Committees have worked together on leading plenary discussions and smaller group meetings on the budget. The process has suffered somewhat from the Chair of the Finance Committee's absence for several days in mid-January when he left the country to accompany Vice President Hashimi on official travel.

Shi'a - Kurdish Differences

[3](#). (C) Several CoR members report that the joint budget report from the Finance and Economic committees was finalized as early as January 22, and ready for presentation to the plenary session. Then an unexpected difference arose between the Shi'a and Kurdish parties. The points of contention centered on the 'social support' allocation for the Presidency Council, and on the funding of the Pashmerga.

Both of these arguments appeared to be Kurdish-Shi'a discussions. The Kurds wanted the costs of the Pashmerga to come out of the central budget if they were to be taking on a more federal role, instead of being part of their overall allocation of the budget. Many Shi'a members protested the high allocations to the Presidency Council. Negotiations happened within joint Finance and Economic Committee meetings, and were slowed by the need for CoR members to check with their leaders before agreeing to a change. On both sides there seemed to be a lack of trust that once an agreement was reached it would be honored on the following day. Nonetheless, members seemed confident that the budget would be passed.

Session on January 25

14. (C) After a full day's work at the CoR on January 25, including a visit by the Prime Minister (ref A), the Finance and Economic committees distributed their joint budget report to the CoR members. The Chair of the Economic Committee Dr. Haider Abadi (Shi'a - Dawa Party) expected the presentation of the report and a final vote on the budget to happen on the same day, but when the report was finally presented there was clearly confusion in the CoR as how to proceed with reviewing the report, listing the suggested changes to the budget law, listing the suggested changes to budget allocations, and voting on the law. Acting Speaker Khalid Attiyah (Shi'a - Independent) encouraged voting on the law, and a vote was held on the first article, which passed. Confusion continued, and several members of the CoR protested a lack of time to review the budget report. Once Speaker Mahmud al-Mashhadani (Sunni - Tawafuq) returned to the session, and resumed his role as speaker, a CoR member asked for confirmation of quorum. The count came to 134, 4 short of quorum, and the session was adjourned. (Note: The session had already run on much longer than usual, and some members may have needed to leave in time to get home before dark. End note.) Discussion is expected to continue during an unusual Saturday session on January 27, and a vote should follow shortly.

Comment

15. (C) It is unclear what was the real source of the delay of the presentation of the Budget Report. While on the agenda on both January 24 and January 25 this week, it was at the end of unusually long lists of topics; given its placement it is not surprising that the CoR did not end up having time to discuss it. The unexpected delays due to Shi'a and Kurdish differences may be part of the power dynamic in the government, and the complaint that the real negotiators are not in the CoR is common among CoR members. Nonetheless, CoR members appear to have resolved their differences, and certainly feel the pressure to pass the budget soon, as indicated by the unusual Saturday session planned for January 27. Post expects the budget to pass within the next week.
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